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BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

DEC 28 2001

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

DOCKETED BY	<i>me</i>
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IN THE MATTER OF THE NOTICE OF
PROPOSED AMENDMENTS TO THE
ARIZONA UNIVERSAL SERVICE FUND

DOCKET NO. RT-00000H-97-0137

DECISION NO. 64267

ORDER

Open Meeting
December 18 and 19, 2001
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On September 22, 1989, the Commission established the Arizona Universal Service Fund ("AUSF") by Decision No. 56639.

2. On February 11, 1997, the Commission entered into an agreement for professional services with the National Exchange Carriers Association ("NECA") to administer the AUSF through December 31, 1999.

3. On January 18, 2000, the Commission extended the agreement for professional services with NECA to administer the AUSF for the period January 1, 2000 through December 31, 2002.

4. On April 2, 2001, the Commission contracted with Withum, Smith & Brown, a professional corporation of certified public accountants and consultants, to perform a GAAP financial statement audit of the AUSF as of December 31, 2000.

5. This amendment recommends approval by the Commission of the proposed year 2002 monthly surcharges to be assessed against all contributors to the AUSF.

6. Per Decision No. 56639, dated September 22, 1989, the AUSF was established to maintain statewide average rates and the availability of basic telephone service to the greatest extent reasonably possible.

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1 7. One half of the AUSF funding requirement is collected through a surcharge paid by
2 providers of basic local exchange service, wireless service, paging service, and other Commercial
3 Mobile Radio Service providers that interconnect with the public switched network. These entities
4 are known as Category One providers.

5 8. The second half of the AUSF funding requirement is collected from providers of
6 intrastate toll service. These entities are known as Category Two providers.

7 9. Funding must be authorized by the Commission in a rate case in order for a utility to
8 receive AUSF. To date, only Citizens Telecommunications Company of the White Mountains, Inc.
9 ("Citizens") (formerly Contel of the West, Inc.) is receiving AUSF money in the amount of \$769,620
10 annually as per Decision No. 56657, dated October 10, 1989.

11 10. Decision No. 64011, dated September 5, 2001, ordered a waiver of the Commission's
12 AUSF rules, and authorized Midvale Telephone Exchange, Inc. ("Midvale") to receive \$71,651 per
13 year from the AUSF beginning with the commencement of service to Millsite and Silver Bell,
14 previously unserved areas.

15 11. NECA has requested and received data from all Arizona telecommunications providers
16 for use in calculating the surcharges that would be applied to all telecommunications providers for
17 2002.

18 12. From this data NECA has calculated that the year 2002 monthly surcharge for Category
19 One providers is \$0.009488 per access line and \$0.094877 per interconnecting trunk line. For
20 Category Two providers the year 2002 monthly surcharge is 0.1867 percent of intrastate toll revenues.

21 13. The collection of these amounts over the year 2002 will generate sufficient funds to
22 cover the amount of AUSF distributions that Citizens and Midvale have been authorized to receive.

23 14. Staff has reviewed the proposed year 2002 monthly surcharges, and finds them to be
24 just and reasonable and in the public interest. Therefore, Staff recommends approval of the year 2002
25 monthly AUSF surcharges for service provided on and subsequent to January 1, 2002.

26 15. NECA issues monthly AUSF Statement of Fund Performance reports to the
27 Commission. These reports indicate which telecommunication carriers did not submit data or
28 contributions during the month.

CONCLUSIONS OF LAW

ORDER

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1 IT IS FURTHER ORDERED that the year 2002 monthly Arizona Universal Service Fund
2 contributions become effective for services provided on and subsequent to January 1, 2002.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.
4

5 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

6
7 CHAIRMAN

8
9 COMMISSIONER

10
11 COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Secretary of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this 28th day of December, 2001.

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BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

EGJ:SSR:lhbm

1 SERVICE LIST FOR: Arizona Universal Service Fund
DOCKET NO. RT-00000H-97-0137

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12 copies sent to the attached:

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